

Board of Directors' Meeting Minutes

November 5, 2022, 10:00 a.m.

Mancos Community Center

Zoom Virtual Meeting (Out of Town)



Board of Directors Present

Allen Giannakopoulos (President), Heather Johnston (Vice President), Roy Wilkinson (Treasurer), Stephanie Morton, Sherry Nigteagle, and Charlie Osburn.

HOA members in attendance (26)

Nan Campbell, (Secretary), Steve Campbell, Susan Whitfield, Tim Pargee, Cathy Wyant, David Nigteagle, Michael Noland, Jennifer Noland, Gary Brodhagen, Cheryl Brodhagen, Alan Whalon, Glenda Whalon, Denise Hall, Paul Ruatti, Cindy Ruatti, Carol Stout, David Oswald, Diane Cherbak, Stan Mattingly, Linda Rose, Cory Manning, Stephanie Hinds, Gene Denney, Chris Hinds, Don Macklin, and Susan Macklin.

HOA members in attendance via Zoom (13)

Leia Pueschel, Tim Bolyard, Gary Linscott, Karin Meadows, Robert Ruh, Elder Witt, Stan Wellborn, Steve and Jaye Baldwin, Terry Wheeler, Liz Chandler, and Kim Lanyon/John Lyren.

Non-HOA members in attendance (3)

Jose Armijo, Dennis Diccico, and Ingrid Ward.

Introductory Comments

Allen notified the membership that Member Comments would be moved from the end of the meeting to the beginning of the meeting. After the comments have been received, the Board will go into an informal round table meeting (no action items) to discuss the member comments.

Meeting Called to Order

The meeting was called to order at 10:13 a.m.

Rules of Protocol and Decorum

Nan Campbell went over the Rules of Protocol and Decorum from Robert's Rules of Order, the 3-minute time limit per comment and alternating comments between members in the audience and on Zoom.

Member Comments

Issues that were brought up during the comment section included:

- Irresponsible and unfair that Member Comments were moved to the beginning of the meeting.
- An accusation that the 2022 election was illegal.

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- A request to void the August 20, 2022, Special Board Meeting concerning a stay of enforcement of the 2005 and 2008 covenants because of an alleged conflict of interest of Board members.
- The 2023 Road Plan that was distributed to the property owners prior to the meeting had no line-item expenses noted.
- Request that culvert repairs be in the 2023 budget (Road 35.6 and J.7).
- A request to the membership to join in a class-action lawsuit.
- Information on how to file a petition against the Board President.
- A comment on money that was spent for a webmaster and the bookkeeping firm that were not budget line items in 2022 and not approved by the membership.
- The roads are in bad condition and the current road maintenance people are not doing their job.
- A concern on the use of the Reserve Account for the Audit and Financial Review in 2022.
- Survey Monkey is not suitable for electronic balloting.
- Members were not notified of the two Executive Session Meetings held by the Board, minutes were not taken and distributed, and the results of those meetings and the legal report have not been distributed to the property owners.
- A question on where did the money go that was allocated for the J.7 culvert work.
- Would like the President to comment on the lack of community spirit due to his actions.
- The President acted illegally by allowing a mobile home in the community which is against the covenants.

Board Round Table Discussion

The Board attempted to inform and explain the decisions that were made concerning some of the issues that were raised.

- Member Comments were moved to the beginning of the meeting so the Board could know member concerns and hopefully address these in future meetings.
- The 2022 Annual Meeting's initial incorrect vote count was explained. There was more than one set of vote tallies on the paper that was presented to the Secretary. The Secretary mistakenly read off the wrong set of numbers. He went to each of the vote counters, and they signed off verify the right set of vote totals. There were no illegal votes created by the Board President as was intimated by a property owner.
- While the Road Committee was doing the best they could on the roads, it was decided to use outside contractors and their equipment to maintain the roads according to guidelines and procedures gained through research.
- One Board member was concerned that no communication had been conducted with the Road Committee about the condition of the roads and the road plans developed for 2022 and 2023. It was also stated that there were no conversations between the Road Committee and the Board prior to decisions being made by the Board. It was pointed out that one or two Board members were at the Road Committee meetings during 2022.

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- The covenant concerning temporary structures being permanent living quarters was read and the definition of a mobile home (trailer) and a manufactured home was read. Mobile homes are defined as being built on a steel foundation with wheels attached. Manufactured homes are not built on a steel foundation with wheels attached. They are transported in sections and placed on a permanent concrete foundation and are in compliance with all the building codes of Montezuma County. They are not temporary homes.
- There was a question from a member concerning money being allocated for a webmaster and the bookkeeping firm that was not approved by the membership. All budget expenses are approved by the Board, not the membership. The webmaster and bookkeeping firm expense was approved by the Board in the January 2022 Board meeting.
- A concern was made concerning closed meetings by the Board. The January 8, 2022 Annual Meeting, the January 22, 2022 Board Meeting, the March 19, 2022 Board Meeting, the July 19, 2022 Board Meeting and the August 20, 2022 Special Board Meeting were all open meetings with members present. There were two Executive Session Board Meetings that are closed meetings according to civil law, corporate law and the CMRHOA, Inc. by-laws. The May and June Executive Session meetings were announced to the entire membership. Minutes cannot be taken, and no actions items can be transacted according to corporate law.
- There has been no written or electronic notice that Phil Mayor has resigned from the Board of Directors.
- There was concern about where monies in the 2022 budget for culvert replacement went. There were budget line items in the 2022 budget for cleaning out the ditch next to a culvert on J.7; for grading; and for cleaning out ditches along the roads. There was no budget line item in the 2022 budget for culvert replacement. The proposal that was submitted for the culvert replacement on J.7 would have required a Special Board Meeting to approve this expenditure and allocate funds. Since the culvert replacement is proposed in the 2023 budget, the President decided not to call a Special Board Meeting. Per the by-laws, a quorum of the Board members could have called for a special meeting for this purpose.
- A Road Plan for 2023 will be presented to the Board later in this meeting with all the estimated expenses being delineated.
- Approval to purchase the license for Survey Monkey was approved at the January 22, 2022 Board Meeting. The minutes state that it was purchased not only for surveys but also to move CMR toward electronic balloting. It was explained that a third party will be compiling the votes, passwords will be changed and only the results of the voting will be given to CMR. Per the by-law changes that were approved at the July 19, 2022 Board Meeting, paper ballots can be requested. The Secretary will be sending out notices and information about the balloting process.
- A Board Member had questions concerning the Reserve Account and its use. The 1998 Covenants call for a Reserve Account to be created and it was. However, there is no further information in the minutes or in the by-laws on how this account is to be used and/or accessed. It has been assumed that this account is for emergencies and should maintain a balance around \$40,000. Again, there is no direction in the minutes or the by-laws that defines an

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emergency or at what level this account should be at. This is an issue that will be addressed by the Board in 2023 for specific accounting direction.

- The Board Member was concerned, because while the minutes of the January Board Meeting minutes mentioned that the expense for the Financial Audit would come from the Reserve Account, the motion that was approved did not mention where the monies for the audit would be expensed. It was further pointed out that while the Legal Review for CMR's covenants was approved, it did not mention where the monies for the review would be expensed. The Board Member requested that this issue be looked at and that the motions be augmented to state that the motions indicate that the monies be expensed from the Reserve Account.
- This same Board Member raised the issue of when the restriction against mobile/modular homes come into existence since there are some of these homes in the subdivision. The President explained that there are no minutes which indicate when the HOA came into existence and adopted this restriction. Minutes begin around 2003. The Board Member suggested that we initiate a legal review on this issue with our current attorney.
- This same Board Member has been unable to find the rules/procedures concerning restricting open forums of members during a Board Meeting. Her concern is that without open forums during the Board Meetings, the members are not hearing the same thing. Misinformation and rumors are abounding. It was stated by another Board Member that with the back-and-forth interactions and lack of civil conversations, it is hard to conduct Board business. It was suggested that the community needs to have member meetings where there are no action items, but just listening to the concerns of the community.
- It was requested that the paper Decorum and Protocol for Board Meetings be placed on the website.

Proposed 2023 Budget

Before the discussion of the proposed 2023 budget began, the President explained that there is no language in the by-laws that specifies how the budget is to be prepared, created, and approved. Therefore, CMR has, and does, revert to corporation legal practices for budgets. The generation of a budget process is an issue that will be considered in 2023. Currently, and in the past, the Treasurer prepares the budget and brings it to the Board. The Board approves the proposed budget, and it goes out to the membership for information only. At the Annual Meeting, a budget presentation is made to the membership.

The meeting was turned over to Roy Wilkinson, Treasurer. Roy explained that the budget had been prepared by asking Committees for their estimated expenses for the coming year; reviewing and comparing expenses incurred for 2022 and past years' budget expense actuals; and working with the Financial Review Committee to compile the information. The income section of the budget was not filled out since there was no vote on the dues amount. Roy was corrected by the President stating that there is no vote on dues since the dues will remain the same.

After a line-item by line-item review and explanation, it was asked why some items came under certain categories. Roy explained that items could be placed under other categories if the Board felt it was necessary. There were no changes suggested.

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Other questions included the snow plowing contract, road maintenance expenses and insurance premium increases. Snow plowing expense was calculated from past years' expenses; insurance premiums have gone up in the past year; and the road maintenance expenses were calculated by estimates that were received from contractors. The increase in the budget for 2023 is mainly due to an increase in road work projects and their expense for road maintenance.

Meeting Extended

It was moved by Roy and seconded by Heather to extend the meeting until 12:50 p.m. This would be a final extension since the room was reserved for another activity. The motion passed.

2023 Proposed Budget (continued) - 2023 Road Plan

The Road Plan for 2023 and its priorities and expenses were discussed. Rising costs for materials, gas, etc. make the expenses a snapshot in time. Many of these expenses could go up in the next months or the coming year.

The priorities for road maintenance for 2023 were gone over. It was asked, of the Board, if there were any additions or removals from the priority list. No one replied. The estimated cost for road maintenance is \$32,968 (minus \$5,500 for snow plowing which is in the "Board Expenses" portion of the proposed budget).

The Secretary was asked if this portion of the proposed budget had to be approved separate from the entire budget. The answer is no – separate portions of a budget do not have to be approved from the entire budget.

The President asked David Nigteagle, Chair of the Safety and Scheduling sub-committee, to address how the expense estimates were obtained. It was explained that 12 out of the 15 sections of CMR's ten miles of roads would be addressed in 2023. David explained that he and Allen walked all the roads with Mike Johnson, contractor. This is how the priorities were determined. Again, it was expressed that all the expenses were "guesstimates" depending on rising costs.

Stephanie had questions, some from her and others that were from the Road Committee. She asked why only one application of mag chloride was proposed since in past years it has been two applications. Heather has done research and talked with Hugo, the contractor who has supplied CMR with the Integrity M blend of mag chloride for our roads. Hugo indicated that in perfect situations, the following procedures need to be provided for the application of mag chloride: 1) the roads need to have gravel; 2) the gravel needs to be smoothed by a grader; 3) the newly gravel roads need to be watered; 4) the mag chloride is applied to the roads; 5) the roads need to be rolled. The hope is that if the mag chloride is applied with the best equipment, one application a year will suffice.

Stephanie asked if the grading would be done by CMR's grader. It was stated that a hydraulic grader would be used for the best results. CMR's grader is good for flat/short stretches of road, i.e., some of the side roads in CMR. She asked about the use of CMR's water truck. Contractors, per our insurance coverage, are not able to drive CMR's water truck.

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The next question dealt with speed control. Over 70 property owners are in favor of lowering the speed limit, however there is no legal enforcement of speed for our subdivision. Other options that have been discussed over the years include speed humps, stop signs, and signs narrowing the road.

Traffic Control Plans were questioned next. The Safety and Scheduling sub-committee is preparing the TCP's. The contractor can prepare them if they wish. The contractor will provide flaggers and signs. It was noted that it would be good for CMR to purchase cones for road work.

The next question was asked about the "carry over" from the 2021/2022 budgets. Carry over refers to unused money (budget estimates – actual expenses). In the March 19, 2022, minutes, the Board stated it would consider a \$20,000 special line item for hard surfacing costs for CMR's roads in the 2023 budget. Since hard surfacing costs are out of the question, the \$20,000 was added to the road maintenance budget along with another \$10,000. The year-end income vs. expenses total for the 2022 budget is estimated at \$40,000; \$30,000 of this amount will be going to the roads budget.

Again, the issue of the J.7 road repairs was brought up. The budget projections/estimates indicate that the work required on J.7 will be done. J.7 will receive \$15,000 for initial work and another \$25,000 for additional work. That is 1/3 of the road maintenance budget for 2023. Again, these are all estimates for work – not bids.

There will be approximately 8.5 miles addressed of CMR's 10 miles of roads in the 2023 Road Plan. It was intimated by a Board Member that the increase in expenses is due to the non-use of volunteers for road maintenance. Another Board Member expressed an opinion that if the roads were done by professional contractors and their equipment year after year, the necessity of repair and maintenance might decrease, thus reducing costs in the future.

Another question was if the Road Committee had been dissolved. The answer is no.

The President asked for member comments on the 2023 budget. There will be a 1-minute limit for comments.

A member took offense from a Board Member commenting on the Road Committee as being "good ole boys" who did work for neighbors and friends and not the entire community. Also, the President commented earlier in the meeting that he had not received inspection reports about road work that was completed. This member said that reports were on the website and that he and the Chair were present when work was being done. He did indicate that these reports were prior to the current President's tenure. The Community is missing the opportunity to use volunteers. CMR had community involvement. And none of the volunteers were paid for the hours of their work.

Another member indicated that CMR had been through these roads' discussion for years. The roads have been terrible in the past, even when contractors were used. Using volunteers in the past few years have raised the standard of our roads and we should be thankful to those volunteers. There was a plea that dues not be raised because we are no longer using volunteers. The Roads Committee did twice as much work for no money. Do not raise our dues.

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It was once again stated that dues were not being raised and that only property owners can raise the dues per a vote to do so.

A motion was made by Allen and seconded by Heather to accept the 2023 budget. The motion carried by a vote of 5-1. Stephanie abstained because she felt she did not have enough time to go over the estimates of the Road Plan for 2023 since it was distributed to the Board at the meeting because estimates for some of the road work projects came in the day before the meeting.

Minutes Approved

It was moved by Allen and seconded by Sherry to approve the minutes of the July 16, 2022, Board Meeting. The motion passed 5-1. Stephanie voted against the minutes because she disagreed that all the Board members had agreed that officers would stay in place.

It was moved by Sherry and seconded by Allen to approve the Special Meeting Minutes of August 20, 2022. The motion passed 5-1. Stephanie abstained since she was unable to hear the meeting on Zoom.

Shortened Agenda

The President announced that we would be skipping around the agenda since there was important information and items that had to be addressed at this meeting and another group had reserved the room.

Financial Audit and Review

The Financial Audit and Review has been completed. It was a review of the financial procedures and reports from 2014 through 2021. There was a question concerning the absence of a large deposit, but various checks being written to property owners. It is likely that this was a grant for fire mitigation, but no deposit of funds is recorded. Paul Ruatti indicated that it was indeed a grant. The Treasurer requested that he put that in an email or text so it can be documented.

It was moved by Roy and seconded by Sherry to post the Financial Audit and Review on the website. The motion passed 6-0.

Snow Plowing Contract

Charlie reported that he had contacted 3 contractors for snow plowing for 2023 in CMR. Two contractors have gotten back to him, the third declined to bid. Mike Johnson has equipment and insurance and bid the job at \$150/per hour. Chris Hinds has equipment, will get insurance if awarded the contract and bid the job at \$100/per hour.

It was moved by Charlie and seconded by Roy that Chris Hinds be awarded the snow plowing contract for 2023 on the contingency that insurance is procured. The motion passed 6-0.

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Legal Review

The Legal Review on the Covenants was received, and two Executive Sessions were held in May and June to determine the legal options for the Board and the direction they may take. Property owners have requested that this legal document be made public.

A motion was made by Roy and seconded by Sherry to waive the client/attorney privilege of the Board and post the legal review on the website. The motion passed 6-0.

Balloting Procedures

Nan Campbell reported that there will be a series of emails to property owners concerning the balloting process. The first will go out on November 21st announcing the Annual Meeting, requesting nominations for the Board, and requesting written ballots. There will be two more emails reminding members of the Annual Meeting and deadlines. The last email will be the ballot. Nan will be sending out a request for any email updates prior to November 21st.

Determination of Three Directors for Term Ending January 21, 2023

Since there have been so many questions concerning how to determine the 3 directors that will run in the 2023/2024 election, Allen indicated that he would re-run for the Board and Sherry also indicated that she would re-run. Phil Mayor will be contacted to see if he has resigned from the Board. If so, the Board that will continue for another year will be Heather Johnston, Charlie Osburn, Stephanie Morton, and Roy Wilkinson.

Meeting Adjourned

The meeting was adjourned at 12:55 p.m.

Next Meeting

The next Board Meeting will be on January 21, 2023, at 10:00 a.m. at the Mancus Community Center in Mancos, CO.